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SUBJECT: BILLION INDIAN VOICES: CONGRESS SET FOR GAINS IN
PUNJAB

REF: A. 2008 NEW DELHI 2829

[1](#)B. NEW DELHI 507

[1](#)C. NEW DELHI 298

[1](#)1. (SBU) Summary: The Congress Party appears poised for a comeback in Punjab with political observers projecting the party will pick up five to nine seats in the two phase parliamentary elections on May 7 and May 13. Just two years into the current state government's tenure, the inherently dissatisfied Punjabi electorate continues to demand more from the ruling Shiromani Akali Dal (SAD)-Bharatiya Janata Party (BJP) coalition than it can deliver. A growing anti-incumbency sentiment, together with the SAD-BJP's poor development record and a slowing economy, will provide a boost for the Congress Party in upcoming elections. Contacts from across the political spectrum agreed that former Chief Minister Captain Amarinder Singh and Prime Minister Manmohan Singh retained popular support among rural and urban voters, and would enhance the Congress Party's elections prospects in Punjab if they took more active roles in campaigning. End Summary.

Congress Set for Gains

[1](#)2. (U) Poloff and PolFSN traveled to Punjab in late February to assess the political climate in the state ahead of the two phase parliamentary election on May 7 and May 13. They visited Chandigarh, Amritsar, Patiala and rural areas outside of Jalandhar. Politicians, journalists, civic leaders and businessmen we met told us the Congress Party appears to be gaining momentum as the May elections draw close. Political observers expect the Congress Party to pick up five to nine parliamentary seats in Punjab, where it currently holds only two of the state's thirteen Lok Sabha seats.

[1](#)3. (U) The state's ruling Shiromani Akali Dal (SAD)-Bharatiya Janata Party (BJP) coalition government, under the leadership of Chief Minister Parkash Singh Badal, swept eleven out of thirteen districts in the 2004 Lok Sabha elections. The Akali coalition's winning streak continued in February 2007 assembly elections, where it secured 68 out of 117 seats in the state legislature. The opposition Congress Party has worked to rebuild its political standing ahead of

the May parliamentary elections in Punjab. Captain Amarinder Singh, former Chief Minister and head of the Congress Party elections committee in Punjab, retains popular support among rural voters and is expected to lend star power to Congress's campaign. Former Congress Party Chief Minister and current Leader of Opposition in the state legislature Rajinder Kaur Bhattal and Punjab Congress Party President Mahinder Singh Kaypee will also play prominent roles in upcoming elections.

Punjab: India's Wealthiest State Showing Signs of Wear

¶4. (SBU) Elections in Punjab are binary competitions between the Congress Party and a regional party, the Shiromani Akali Dal (SAD). Support for the Bharatiya Janata Party (BJP) is confined to urban areas. It has allied with the Akalis in recent election cycles to form coalition governments in the state. The Congress and BJP battle it out in Punjab's urban centers, while the Congress and Akalis dominate rural politics. Punjabi voters are chronically dissatisfied and demand more from the incumbent government. As a result, the "anti-incumbency" factor plays a prominent role in the outcome of elections. Punjab was one of the first states to break the Congress Party's longstanding monopoly on power throughout the country after independence. Since the 1970's, the state has alternated between Congress Party and Akali rule, with the opposition ousting the incumbent party every five years.

¶5. (SBU) Punjab is a border state with Pakistan on the

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west, Jammu and Kashmir on the north, Himachal Pradesh on the northeast, and Haryana and Rajasthan on the south. With a population of 25.5 million, it is as large as Peru. Sikhs comprise the largest ethnic/identity group at 60 percent followed by Hindus at 40 percent. Christians, Jains, Muslims and Buddhists account for less than one percent of the population. It remains the richest state in India, with its historically strong agricultural sector and nascent real estate and industrial sectors. In FY 2008, the state's GDP was USD 18 billion with a per capita income of USD 680. Punjab's road, rail, air and transport systems are routinely rated the best in India. However, there are signs of decline in Punjab. Its GDP growth was six percent in 2008, making it one of the slowest growing states in the country. Agriculture has stagnated at two percent growth for the last five years. Its long-held claim to highest per capita income in India has been ceded to neighboring state Haryana. Moreover, its human development indices in education and health are comparable to some of the most backward states (Ref. A).

SAD-BJP Election Machinery Revs Up

¶6. (U) Approaching Patiala, the princely city of colonial Punjab, drivers are bombarded by bright yellow ads at every lamp post and billboard space featuring the Deputy Chief Minister and Akali Dal President Sukhbir Singh Badal, who happens to be the son of Chief Minister Prakash Singh Badal. There are few Congress Party ads on the city's main drag or, for that matter, anywhere else in Patiala. According to Indian Express Special Correspondent Sanjeev Chopra, the ratio of SAD-to-Congress advertising does not reflect voter sentiments ahead of May parliamentary polls. He explained that while urban and rural districts overwhelmingly swung to the SAD-BJP in the 2007 state assembly election, there is a growing dissatisfaction across Punjab. The state is in the midst of a financial crisis with nearly empty state coffers. Agriculture, the basis of Punjab's prosperity, remains weak. Many observers told us that the socio-economic situation has worsened under the present government. They point to rising unemployment and falling public education and health investment to make their argument.

¶7. (SBU) In response, SAD leaders have unleashed an aggressive publicity campaign. Party advertising blankets metro Punjab streets from the capital city of Chandigarh to the state's cultural heart Amritsar. In all English language and local vernacular papers, full-page color ads feature the coalition government's business and social development credentials. Last month, the SAD leadership announced the strategic promotion of the Chief Minister's son Sukhbir to the Deputy Chief Minister position, and the political chattering classes are abuzz with speculation of Sukhbir's wife Harsimrat Kaur Badal's launch into national politics as the party's candidate for parliament in the rural district of Bathinda.

Bathinda: Frontlines of Elections Battle

¶8. (U) Bathinda in Punjab's Malwa region has emerged as an unexpected battleground in upcoming Lok Sabha elections. The rural constituency has seen a sharp upswing in development activity after the SAD-BJP government took over in 2007. The pace has accelerated during the last few months. Just days before our arrival on February 22, Chief Minister Badal had laid six foundation stones for different projects, including a five-star hotel and a world class cancer treatment facility. Deputy Chief Minister Badal said the SAD-BJP government is committed to changing the face of the Malwa region, considered the most backward area of Punjab.

¶9. (SBU) Observers told us Akali development in Bathinda is aimed at continuing the Badal family's political legacy. As

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a result of delimitation (re-districting), the Badals lost their family home constituency of Faridkot because it was reserved for Dalit candidates only. The Badals moved to shore up the Akali presence in Bathinda in time for May elections. There is growing speculation that Harsimrat Kaur Badal, daughter-in-law of CM Badal and wife of deputy CM Sukhbir, will be the party's candidate. Harsimrat could go head-to-head with the Congress Party's own legacy candidate former CM Amarinder Singh's son Raninder, who has been one of the most vocal critics of the Badal administration. Both parties have yet to formally announce their candidates in Bathinda, but many are preparing for what is sure to be a knockdown battle between Punjab's most powerful political families.

O Captain, Where Art Thou?

¶10. (SBU) Throwing cash into flashy advertising and populist schemes, contacts noted, is not expected to do much to defuse the dissatisfaction with the ruling government in Punjab. The full-capacity crowds at Congress rallies headlined by Captain Amarinder Singh bear witness to the fact that the Congress has become a credible political force in the state once again. Even our more cautious contacts believe that the party is heading towards a comeback from its poor showing in 2004 Lok Sabha elections in which it lost eleven out of thirteen districts. They project that Congress will win at least five Lok Sabha seats in upcoming polls and perhaps more if the party commits sufficient resources to the state campaign.

¶11. (SBU) Contacts from across the political spectrum agreed that Captain Singh retained popular support among rural and urban voters alike, and would likely lead the Congress Party to victory if he took a more active role in campaigning. Yet, Captain Singh has been missing from the campaign trail. Many have noted that the Captain's active social life has distracted the former CM from his political duties. Others believe that the Captain's flamboyant and colorful lifestyle leads to his larger-than-life public persona and accounts for his popularity and political success. According to contacts, Captain Singh faces strong

resistance from state and national Congress Party lobbies. Congress MLA Kewal Dhillon observed that the Captain's provocative statements and showy public profile "intimidate" fellow state party leaders Rajinder Kaur Bhattal and Mahindra Singh Kaypee, both of whom harbor ambitions to become the next chief minister of a Congress state government. In Delhi, many fear that his "loose cannon" personality would be difficult to control. As a telling sign of Congress apprehension, the Captain was left out of the Congress Party's Punjab election planning meeting in February, which included a handful of MLAs and his party competitors Bhattal and Kaypee.

Economy and Development Top Election Issues

¶12. (SBU) Meetings with opinion-shapers in the Punjab's metro centers of Jalandhar and Chandigarh left little doubt that urban Sikhs and Hindus are fed up with the SAD-BJP's economic and development record. There was agreement among our contacts that Punjab's fiscal crisis has worsened under the current government. They noted that the state's cumulative debt is now larger than its State Domestic Product. In addition, the state faces an acute energy problem with most urban households receiving an average of only ten hours of electricity a day. Business confidence and consumption have stagnated amid growing concerns over the global financial turmoil. According to Kanwar Dhillon, Congress MLA Dhillon's son and head of the family commercial real estate investment, this has led many industry leaders to either delay projects or to move operations to states with tax-free concessions and pro-business reputations such as

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Haryana, Himachal Pradesh and Gujarat. He had planned to break ground in March on a new mall project outside of his family's ancestral village. His strategy now is to wait out the economic cycle and stay clear of costly investments for at least the next six months.

¶13. (SBU) Urban voter disenchantment is not Badal's only problem. In the rural economy, money owed by the government to commission agents for procuring last October's harvest has yet to be paid out. They, in turn, have not been able to make payments to farmers, who have yet to see the record minimum support price secured by Badal turn into money in their hands. Pankaj Khanna, a close advisor to Captain Amarinder Singh and Bureau Chief of Azad News, indicated the need for crop diversification, which would help to break the state's dependence on wheat and rice. He also mentioned that despite the state's affluence, its health and education indices rank Punjab among the most backward states in India. In Khanna's opinion, the development and governance issues will be featured prominently in upcoming elections: "People want drinking water, electricity, schools and decent roads."

Terrorism Not An Issue

¶14. (SBU) Terrorism will not be an important issue in upcoming elections in Punjab. The state, more so than other states, has been more vigilant about internal security following over a decade of Sikh militancy in the eighties and nineties. The police forces and intelligence networks played a central role in stamping out extremist elements in the past, and Punjabis feel secure that they will be able to thwart present and future attacks inspired from across the border, observers suggested (Ref. B).

UPA Edging Out BJP

¶15. (SBU) When asked about the BJP's elections prospects, contacts observed that the party's adherence to a hardliner agenda may hurt its chances in the state. Punjab Minister of Cooperative Development Captain Kamaljit Singh noted that he

was not surprised by the ratcheting up of Hindutva rhetoric by party leaders in the last several weeks. He pointed to BJP leader and prime ministerial candidate L.K. Advani's call for the construction of a Ram temple in Ayodhya, Uttar Pradesh during a leadership conclave last month (Ref. C). Herkawaljit Singh, editor of the local vernacular paper the Daily Ajit, observed that Punjabis have "no tolerance" for a divisive ideological agenda after a decade of insurgency. Despite efforts by BJP leaders to project Advani as a secular candidate in the mold of former PM Vajpayee, Herkawaljit told us that most Punjabis would not support an Advani candidacy, noting his close ties to the Hindu chauvinist Rashtriya Swayamsevak Sangh (RSS) and his role in the Ayodhya controversy.

¶16. (SBU) According to contacts, Punjabis are more concerned about issues that affect their daily lives, such as development, economic stability and employment. Ashok Sethi, Special Correspondent of the Tribune, pointed to the achievements of the current United Progressive Alliance (UPA) government under the leadership of Prime Minister Manmohan Singh: an historic economic growth averaging at 8%, the U.S.-India civil nuclear initiative and development programs such as the national rural employment scheme (NREGA). Sethi said that people across the state admire the PM, a native Punjabi and Sikh, for his honesty, sense of purpose and bold policy initiatives. Avanish Chopra, managing director of his family's newspaper, The Punjab Kesari, singled out the PM's central role in shepherding through the civil nuclear initiative and characterized the deal as the "great hope" for the country's power sector. He projected the UPA would receive popular support among Punjabis if the PM actively campaigned on the election trail, but shared concerns about

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the leader's deteriorating health in recent months.

Comment: Congress Party: Riding the Anti-incumbency Wave

¶17. (SBU) Anti-incumbency is an irresistible force in Punjab. In the last 30 years, the incumbent government has everytime been voted out of state office or lost a parliamentary election. This trend will likely continue in May parliamentary elections. The ruling SAD-BJP coalition government, with just two years under its belt, is facing a palpable anti-incumbency wave with Punjabi voters demanding more from the government than it can deliver. Over the last several months, the Akalis have poured money into flashy advertising and development schemes to shore up voter confidence, but it may be too late to buck the trend. The SAD-BJP will likely lose parliament seats in May, but they will have three remaining years in office to either prove to the Punjabi electorate that the coalition is responsive to local needs or risk another drubbing in the 2012 state assembly elections. End Comment.

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